## IN THE CLAIMS:

The following is a complete listing of claims in this application.

1. (currently amended) A The method for packet processing for data transmission over an optical fiber, the method comprising the steps of according to claim 17, wherein said step of processing comprises:

segmenting an incoming bit stream of data of at least one service:

adding a tag to a header of each segment, each tag including data identifying a route between a source and a destination end-point of the bit stream;

encapsulating said tagged segment into a Point-to-Point Protocol (PPP) packet in a frame; and

mapping the encapsulated packet into a transmission frame for transmission over an optical fiber.

- 2. (original) The method according to claim 1, wherein said tagged segment is encapsulated into a PPP packet in a High bit rate Digital Link Control (HDLC)-like frame.
- 3. (original) The method according to claim 1, wherein said transmission frame is a Packet over SONET (PoS) frame.
- 4. (original) The method according to claim 1, wherein said transmission frame is a Packet over SDH (PoS) frame.
- 5. (original) The method according to claim 2, wherein said transmission frame is a Packet over SONET (PoS) frame.
- 6. (original) The method according to claim 2, wherein said transmission frame is a Packet over SDH (PoS) frame.
- 7. (original) The method according to claim 3, further comprising the step of scrambling the encapsulated packet before the step of mapping into a transmission frame.
- 8. (original) The method according to claim 1, wherein said step of adding a tag includes adding an MPLS tag.

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9. (original) The method according to claim 1, further comprising the steps of:

de-packing said transmission frame in a receiver to retrieve said encapsulated PPP packet;

de-capsulating said encapsulated PPP packet to retrieve said tagged segment of a bit stream; stripping off the tag to retrieve said segment of a bit stream; and

assembling a plurality of said segments to re-create the original bit stream.

- 10. (original) The method according to claim 9, further comprising the step of unscrambling a scrambled encapsulated PPP packet, after the step of de-packing.
- 11. (previously presented) The method according to claim 5, further comprising the steps of:

de-packing said Packet over SONET packet in a receiver to retrieve said encapsulated PPP packet in HDLC-like form;

de-capsulating said encapsulated PPP packet to retrieve said tagged segment of a bit stream;

stripping off the tag to retrieve said segment of  $\frac{1}{2}$  said bit stream; and

assembling a plurality of said segments to re-create the original bit stream.

12. (currently amended) An The engine for packet processing and data transmission, the engine comprising according to claim 19, wherein said processing modules comprise:

a segmentation module for segmenting an incoming bit stream of data of at least one service;

a tagging module for adding a tag to each segment, each tag including data identifying a route between a source and a destination end-point of said bit stream;

an encapsulating module for encapsulating the tagged

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segment into a Point-to-Point Protocol (PPP) packet in a frame; and

a mapping module for mapping the encapsulated packet into a transmission frame for transmission over an optical fiber.

- 13. (original) The engine according to claim 12, wherein said PPP packet is encapsulated in a High bit rate Digital Link Control (HDLC)-like frame.
- 14. (original) The engine according to claim 12 wherein said transmission frame is a Packet over SONET/SDH (PoS) frame.
- 15. (original) The engine according to claim 13 wherein said transmission frame is a Packet over SONET/SDH (PoS) frame.
- 16. (currently amended) The engine according to claim 12, wherein said tagging module is arranged to add an MPLS tag to each segment.
- 17. (new) A method for packet processing for data transmission over an optical fiber, the method comprising the steps of:

receiving an incoming bit stream of data of at least one service;

segmenting said bit stream in its original protocol into variable length segments according to available transmission bandwidth:

adding a tag to each segment, each tag including data identifying a route between a source and a destination endpoint of the bit stream; and

processing each said segment for transmission in a transmission frame,

whereby utilization of available bandwidth capacity is optimized.

18. (new) The method according to claim 17, wherein the

incoming bit stream of data comprises at least two services.

- 19. (new) An engine for packet processing and data transmission with optimization of available bandwidth capacity, the engine comprising:
- at least one service port for receiving an incoming bit stream of data of at least one service;
- a segmentation module for segmenting said bit stream in its original protocol into variable length segments according to available transmission bandwidth;
- a tagging module for adding a tag to each segment, each tag including data identifying a route between a source and a destination end-point of the bit stream; and
- at least one processing module for processing each said segment for transmission in a transmission frame.

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